

TRIAL EXHIBIT 2449

Google

Android

OC Quarterly Review – Q1 2011
May 03, 2011

Andy Rubin, Hugo Barra, Hiroshi Lockheimer, John
Lagerling, Jamie Rosenberg, Aditya Agarwal, Paul Gennai

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
TRIAL EXHIBIT 2449
CASE NO. 10-03561 WHA
DATE ENTERED _____
By _____
DEPUTY CLERK

Agenda

- Highlights and Lowlights
- Key Metrics and P&L
- Launch Roadmap
- Finsky
- Android at Home
- Resource Asks

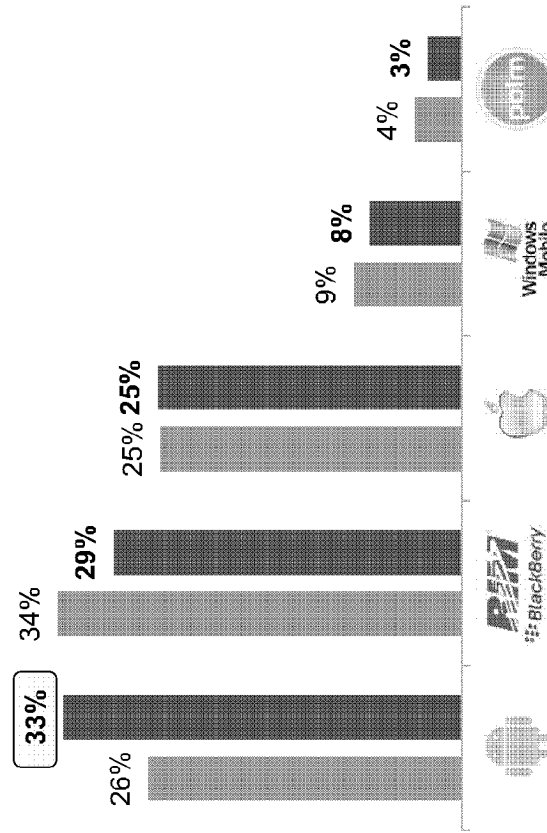
ANDY

Key Highlight: Two independent sources confirm that Android is now #1

Comscore

Top Smartphone Platforms

3 Month Average; % of US Smartphone Subscribers

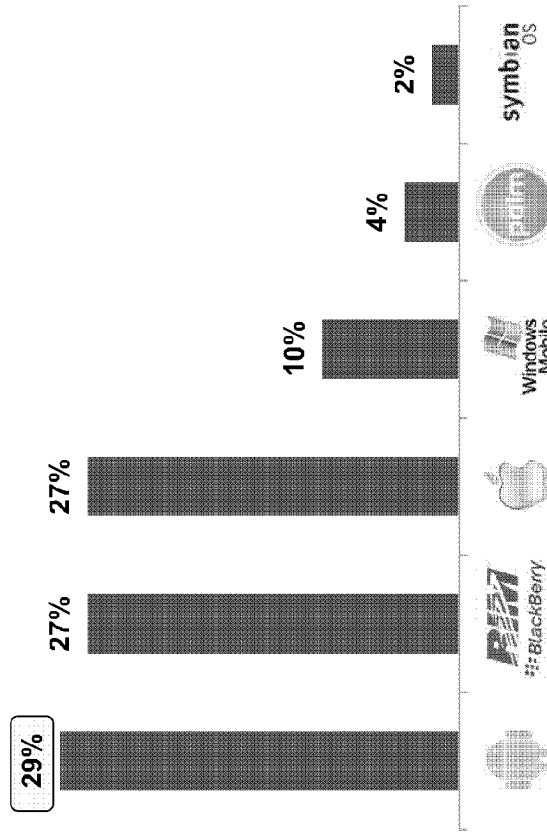


■ Nov 2010 ■ Feb 2011

Nielsen

Operating System Share

Nov 2010 – Jan 2011; US postpaid subscribers

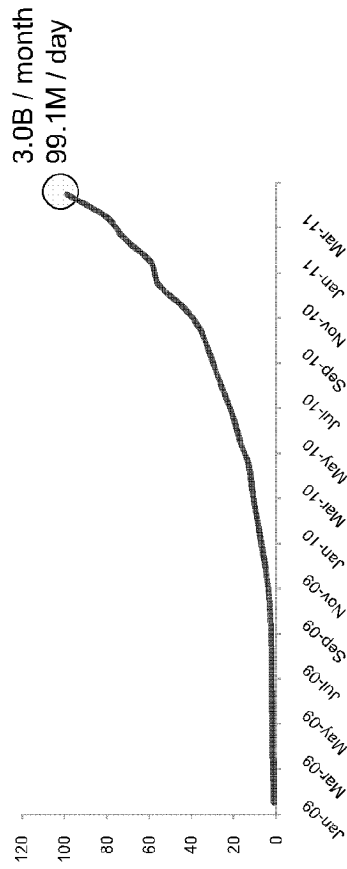


Key Metrics – Ads and Android Market

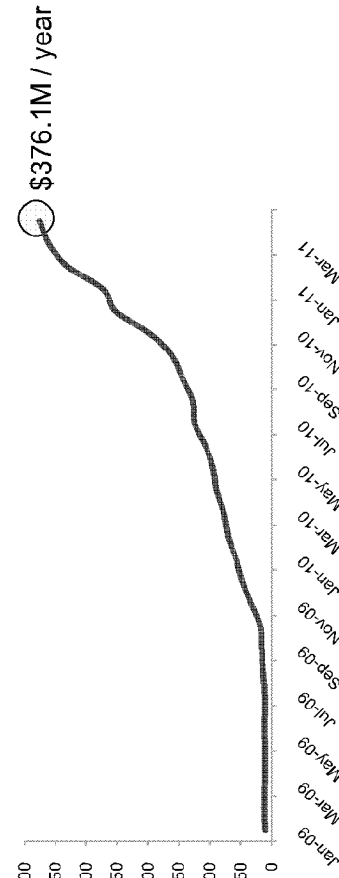
4.5B app installs as of 4/30

Ads

Unique Search Queries
Millions



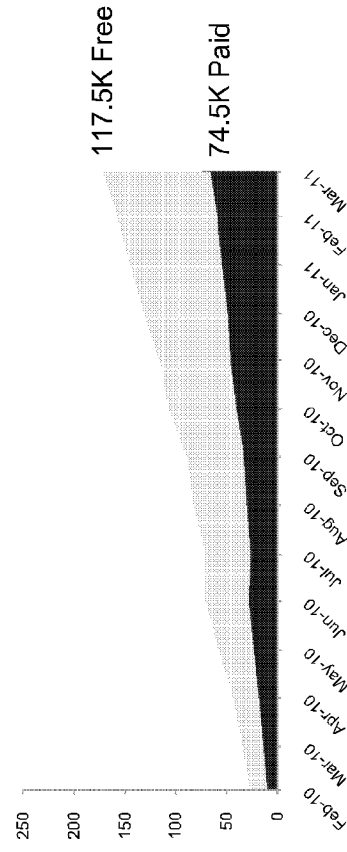
Ads Revenue Run Rate
US\$M



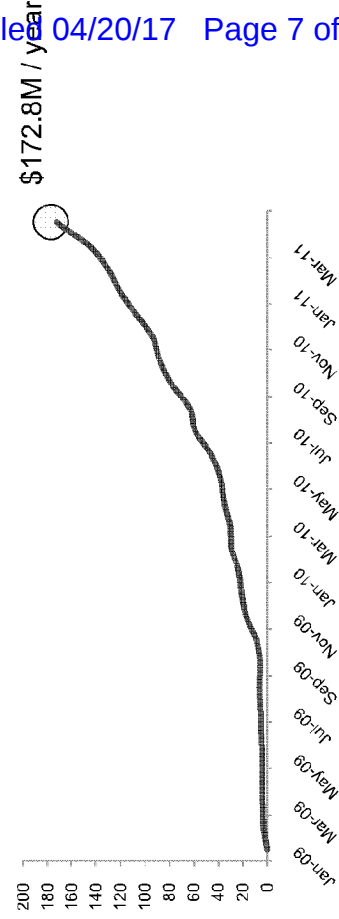
1.6 searches/day per 7-day active device;
\$6.2/yr ads revenue per 7-day active device;
(\$8.8/yr US only)

Android Market

Number of Apps in Market
Thousands



Android Market Revenue Run Rate
US\$M

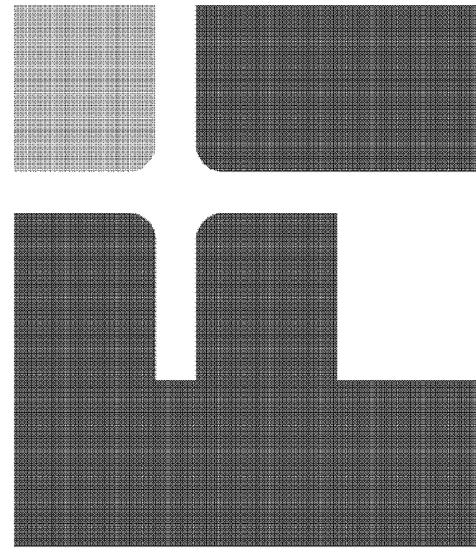


\$2.8/yr apps revenue per 7-day active device;
(\$3.4/yr US only)

Launch Roadmap

	Q2-2011	Q3-2011
Platform Releases	<ul style="list-style-type: none"> • Honeycomb MR1 <ul style="list-style-type: none"> • Bug fixes, performance improvements, UI refinements • Connectivity and APIs for USB accessories and peripherals • Video DRM and audio streaming support for next-gen media experience • Updated Google applications • Improved enterprise support • Gingerbread MR2 <ul style="list-style-type: none"> • Video chat through Google Talk 	<ul style="list-style-type: none"> • Ice-Cream Sandwich (ICS) <ul style="list-style-type: none"> • Honeycomb UI on phones • Integrated social and messaging experience optimized for Emerald Sea • Bandwidth usage tracking and management • Multimedia GPU filters • New interactive widgets and live wallpapers • Videochat: multi-user, face tracking, image stabilization
Lead Devices	<ul style="list-style-type: none"> • Nexus S 4G (Sprint) 	<ul style="list-style-type: none"> • Nexus Prime <ul style="list-style-type: none"> • Ice-Cream Sandwich launch device • HD 720p screen; Latest TI Dual Core OMAP 4440 • 21Mbps + LTE radio
Showcase Devices	<ul style="list-style-type: none"> • Tablets <ul style="list-style-type: none"> • Samsung Galaxy Tab 8.9 and 10.1 • HTC Flyer (7") • Asus EeePad Transformer (with keyboard dock) • Phones <ul style="list-style-type: none"> • HTC Evo 2 and LG Optimus 3D (3D displays and camera) • Droid X II and Galaxy S II • HTC Sensation 	<ul style="list-style-type: none"> • Tablets <ul style="list-style-type: none"> • Sony S1 (10.1") • Vizio 8" (mass market at Walmart, Costco, Target) • LG Optimus Pad 3D • Phones <ul style="list-style-type: none"> • Sharp for Docomo and Softbank (waterproof flip phone) • LG Nova Display (IPS LCD)
Finsky	<ul style="list-style-type: none"> • Video rentals • Music locker beta • Major brand launch of Finsky <ul style="list-style-type: none"> • Unified premium-content brand for Google • Single storefront for apps, books, music, and video, optimized for web, tablet and phone • Android Market improvements (speed, in-app billing, content ratings, badges, promotion & merchandising) 	<ul style="list-style-type: none"> • Social features across all verticals (e.g. sharing, playlists, radio stations) • Digital music store and/or subscription service • Personalized recommendations • Google TV - browse, purchase and consume from the TV (apps, videos, music)
Social	<ul style="list-style-type: none"> • +1 button on Finsky web 	<ul style="list-style-type: none"> • Full support for Emerald Sea profiles, circles, loop, photos, messaging in ICS • Full suite of social features in Finsky
Android at Home	<ul style="list-style-type: none"> • Initial build-out of Tungsten music device (500 units) • Light bulb demo at GoogleIO • Initial ADK build-out / GoogleIO giveaway (1000 units) • Open sourcing of ADK HW design, enabling 3rd party manufacturers (first expected release at Google IO) 	<ul style="list-style-type: none"> • Second Tungsten form-factor (500 units) • Finalize commercialization plan for Tungsten and the light bulb

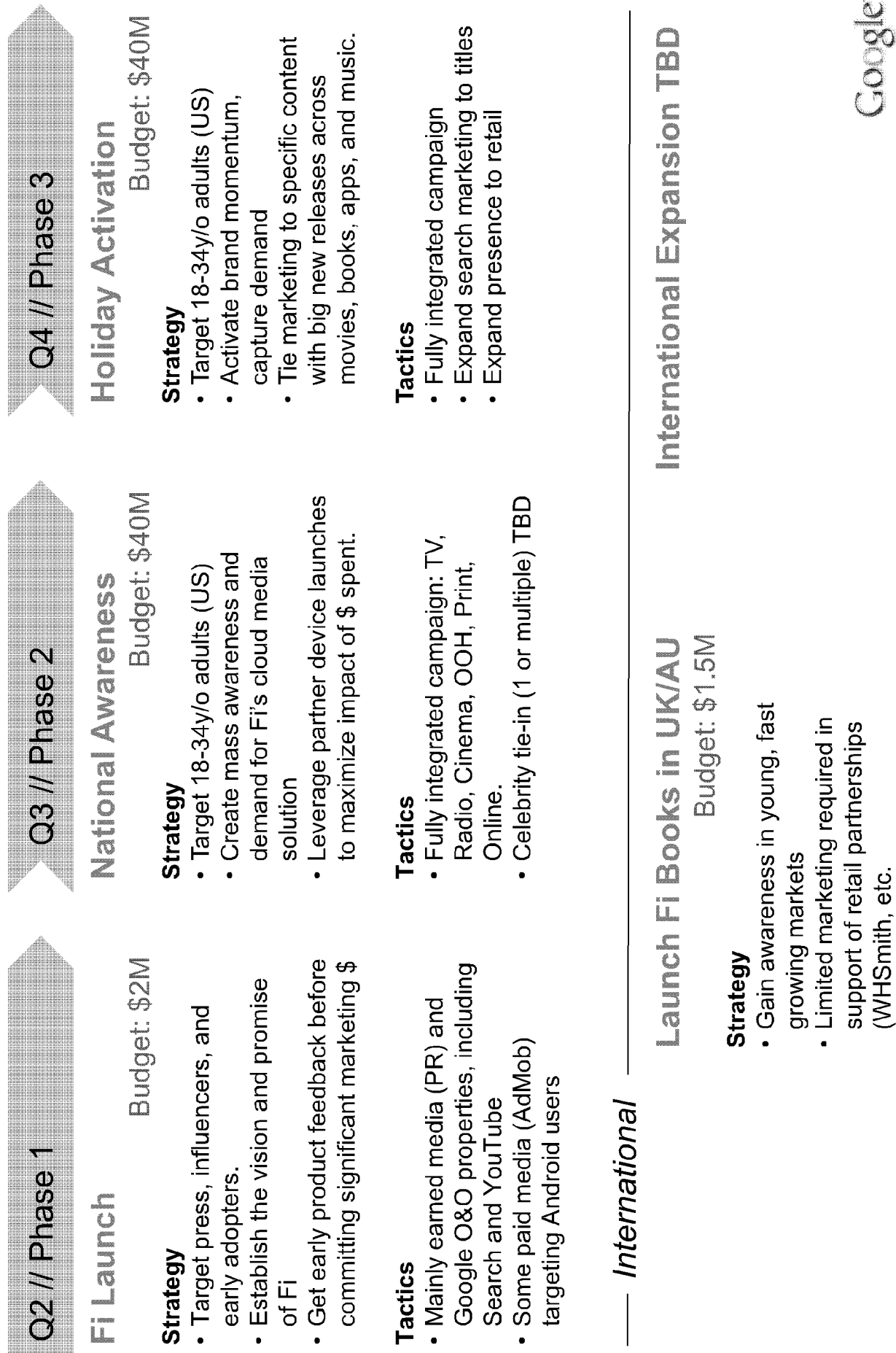
Finsky: Books, Apps, Music, Movies. All of it. Simply, magically, there



- Our media should be **everywhere**, across devices and locations
- Access should be **instant** no matter where we are or where the content is
- We must support **all types of digital content**
- Media should be **social**, not just because we want to share it, but because we are what we watch, read, or listen to

... all of this is best shown in demos

Fi Marketing Plan | Accelerate Momentum and Adoption



Skyjam

JAMIE working on this

Ice-Cream Sandwich

Key Features and Goals

- **Honeycomb UI on phones**
 - home, recents, notifications
 - new interactive widgets and live wallpapers
- **Integrated social and messaging experience optimized for Emerald Sea**
 - Profiles, Circles, Photos, Loop, Messaging
- **Bandwidth management**
 - Monitor all network use
 - Report network use to users, developers, market users
 - Conserve our consumption of network resources
 - User controls network usage across the system and per app
- **Multimedia GPU filters**
- **Videochat: multi-user, face tracking, image stabilization**

Accessory Development Kit

What is it?

- New API for Honeycomb & Gingerbread devices enabling USB accessories
 - Extends Android Market – automatic launching and Market / web discovery of appropriate apps when accessories are connected
 - Basic communication via USB for all devices running Gingerbread or later
- Geared for both manufacturers and hobbyists

Timing

- **Mid-March:** Design and development completed
- **Late-April:** Initial build-out (1500 units)
- **GoogleIO:** Announcement + giveaway (1000 units)

Why do this?

- Drive more standardization across Android accessories
- Make accessories more powerful by allowing them to talk directly to the OS / apps

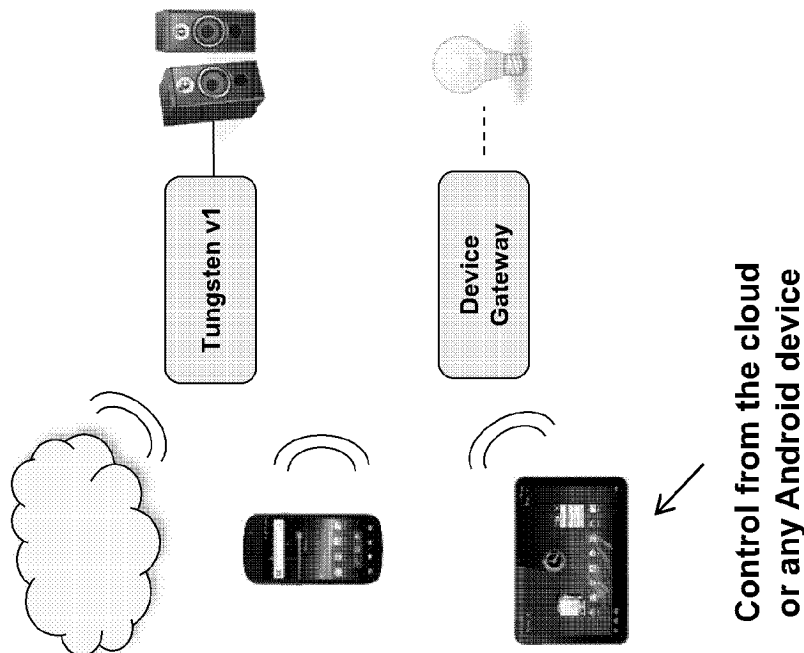
What does this make possible?

- **Media:** Photo frames; cameras, earphones
 - **Accessibility:** Braille output device, puff and sip input device
 - **Health:** Blood pressure, glucose meter, pedometer
- ... and plenty of things we can't yet anticipate

Android at Home

The **Android at Home** project is a natural extension of the accessory ecosystem; one's home and the devices within it become Android accessories and so are controllable and monitor-able from phones, tablets and the cloud

Version 1: Bookend the problem to two 'anybody can install' situations



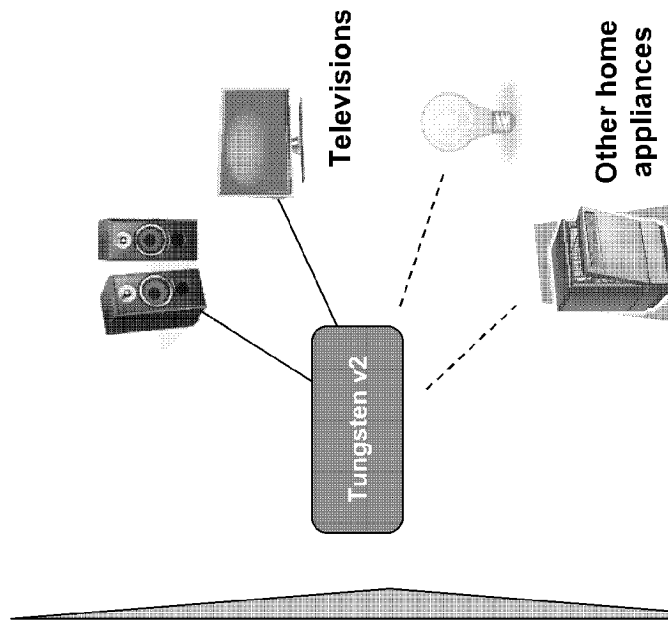
Tungsten:

- WiFi-enabled audio amplifier
- Capture a Google Music audio stream and distribute it to multiple rooms
- Reference hardware product using best-in-class materials

Device Gateway:

- Remotely **control** home appliances
- **Monitor** energy usage remotely (even 'gamify' savings)
- Start with light-bulbs, and expand from there

Version 2: Consolidate and expand



Demo both at Google IO; Initial build in June;
Commercialize in Tungsten in Q3; Light bulbs in store in Q4

2011

Appendix

Nexus S Marketing update

Overview

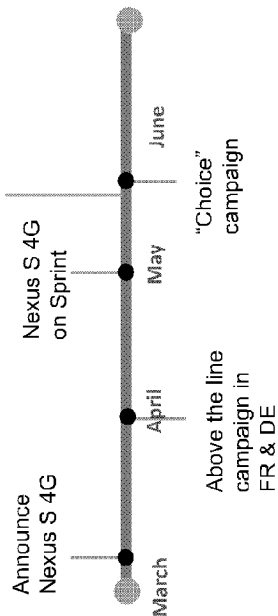
Product:

- Launched Nexus S in 24 countries
- Announced Nexus S 4G on Sprint; Nexus S for AT&T in the pipeline.

Marketing: Working closely with Samsung, carriers and retailers on marketing campaign (awareness & conversions).

Sales: Sell-in at 400k (surpassing Nexus One)

Timeline



Key milestones:

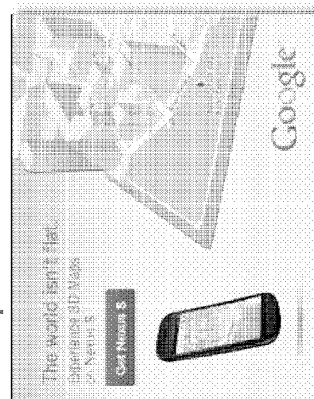
- 3/13 - ATL campaigns kicking off in FR & DE
- 5/1 - Nexus S available on Sprint
- Mid to end May (?) - Nexus S on AT&T
- End May - "Choice" campaign & additional retailers

Objectives / Goals

US:

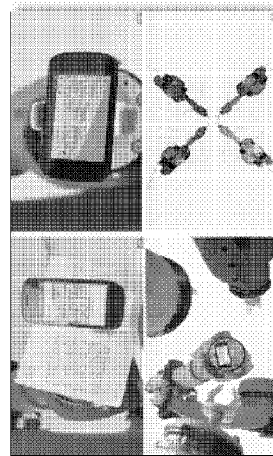
- Launch AT&T & Sprint versions in Q2
- Launch marketing campaign together with Sprint (incl. ATL, retail & online)
- Add additional retailers & launch "Choice" campaign when Nexus is available on multiple carriers

Examples



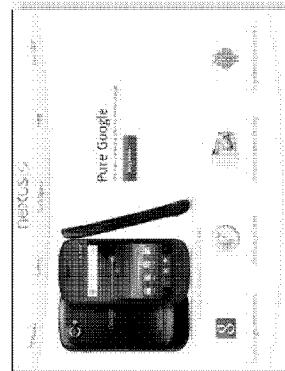
Online banner

Online campaign focusing on user benefits & Pure Google. Highlighting key hero apps: Google Maps & 3D, Voice Actions, YouTube & Google Voice (Google funded)



Nexus television commercial (FR & DE)

Above the line campaign currently running in a couple of key countries (KR, DE & FR). Sprint & Nexus S 4G ATL campaign launching mid May (Partner funded w/ some co-mkt)



Microsite

Microsite localized for 24 countries linking to local retailers in different markets.

International:

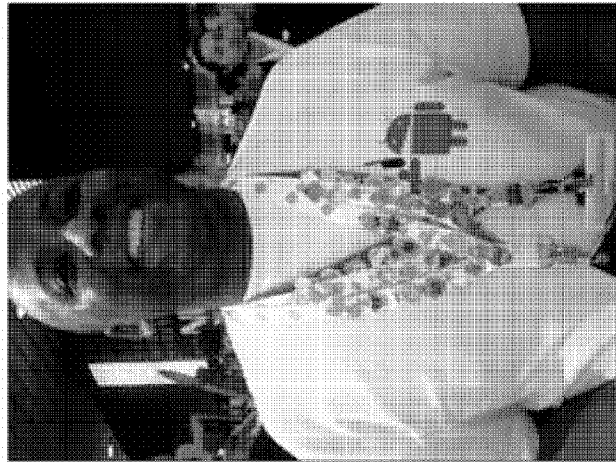
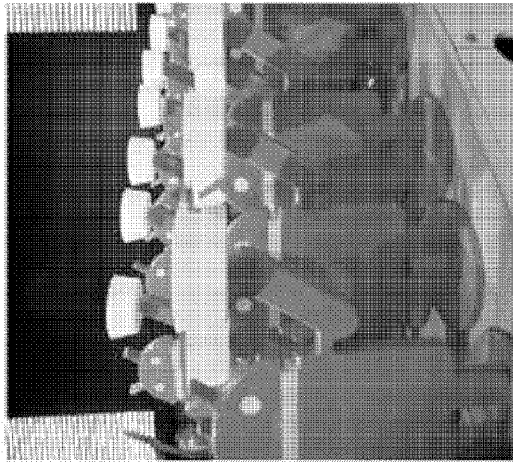
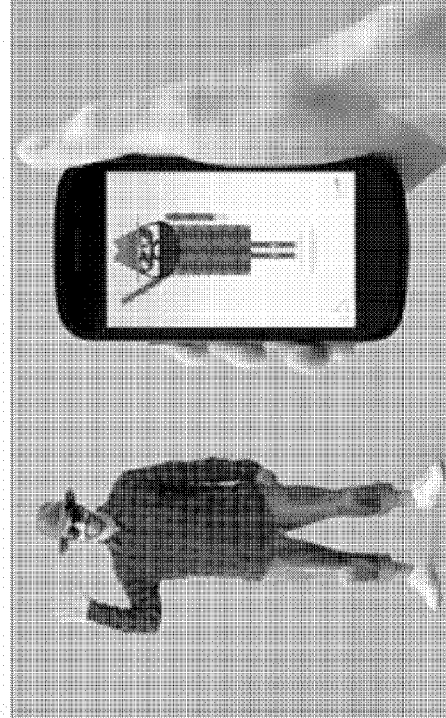
Nexus S available in 55 countries

Goal:

1M phones sold by end of Q2. Samsung forecasting 1.9M device sold by end of lifecycle.



Android at Mobile World Congress



back (arrow)

Google

Google Confidential and Proprietary 20

Video P&L

	<i>in millions</i>			Totals
Total # of Titles	7.4	11.7	18.0	37.1
Gross Revenues	\$48.0	\$69.4	\$98.9	\$216.3
Revenue Share	\$38.9	\$55.1	\$76.9	\$170.8
Other COS	\$16.9	\$15.7	\$15.4	\$48.1
Gross Margin	(\$7.8)	(\$1.4)	\$6.7	(\$2.6)
Gross Margin %	-16.3%	-2.1%	6.7%	-1.2%
Marketing & Headcount Opex	\$6.5	\$5.6	\$4.6	\$16.7
Product Contribution	(\$14.4)	(\$7.0)	\$2.1	(\$19.3)
Product Contribution %	-29.9%	-10.1%	2.1%	-8.9%

- Represents 10% market share in Year 1 and 45% growth in subsequent years
- ~78% revenues share to Partners
- ~15% in Other COS – customer support, transaction cost, streaming and fulfillment costs
- Product contribution of 2.1% in Year 3

Notes

- Represents 10% market share for both 'Video Rentals' and 'Download to Own'
- Year 1 represents 5.5M 'Video Rentals' and 1.9M 'Download to Own' titles